

Department of Planning and Budget 2001 Fiscal Impact Statement

1. **Bill Number** HB1727

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron** Rust

3. **Committee** Finance

4. **Title** Tobacco Settlement Financing Corporation Act

5. **Summary/Purpose:** This bill creates the Tobacco Settlement Financing Corporation (TSFC) as the vehicle through which the Commonwealth may sell and finance, with the consultation of the Tobacco Indemnification and Community Revitalization Commission, fifty percent of its tobacco settlement payments from the Master Settlement Agreement (MSA) among the forty-six states and the major tobacco manufacturers. The TSFC is established as a public body corporate with powers limited to those required to effect the sale and financing of the tobacco settlement payments. The TSFC would issue bonds to raise funds to purchase the Commonwealth's rights, title and interest in or to the tobacco assets sold. Bondholders would be paid from future tobacco settlement payments that are assigned to the TSFC by the Commonwealth. Any bonds issued by the TSFC would not be considered a debt or a pledge of the faith or credit of the Commonwealth. The Department of the Treasury would staff the TSFC.

6. **Fiscal Impact Estimates are:** See Item 8 below.

7. **Budget amendment necessary:** Yes. Item 545 of the 2001 Introduced Budget Bill contained an appropriation for the deposit of the net cash proceeds resulting from the securitization of fifty percent of the Commonwealth's allocation of MSA payments. While HB 1600 retains the applicable language and appropriation, SB 800 does not, and would require a budget amendment to restore the appropriation and applicable language.

8. **Fiscal implications:** Securitizing fifty percent of the MSA payments over the next 20 years would result in an appropriation of \$584,259,521 for payment to the Tobacco Indemnification and Community Revitalization Endowment in FY 2002.

9. **Specific agency or political subdivisions affected:** Department of the Treasury and the Tobacco Indemnification and Community Revitalization Commission.

10. **Technical amendment necessary:** No.

11. **Other comments:** HB 1726 creates the previously mentioned endowment specified in Item 8, into which the proceeds of a tobacco asset sale shall be deposited.

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cc: Secretary of Finance

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